

~~SECRET~~ April 1960

LN 976

Subject: Personal Property Tax Refund

Reference: (a) LN 960 dated 18 March 1960
(b) DPD-2271-50 dated 23 March 1960
(c) Your letter #15708 dated 15 May 1957.

Dear Sir:

Pursuant to our recent correspondence regarding refund of personal property tax the following additional information is submitted.

Prior to receipt of the reference (c) letter our instructions had been to not protest payment of property taxes, therefore, property tax payments were not paid under protest until 1957.

Under an agreement with the Department of Defense the County of Los Angeles is retaining 5% of the taxes collected as tax on the proprietary interest of the contractor. The balance of 95% of taxes paid under protest has been returned to the various contractors for refund to the Government.

The redetermination of our subcontract under Contract SC-21-54 was based upon payment of property taxes in 1956 of \$13,089.30 and in 1957 of \$16,484.83. Of the amount paid in 1957, 95% (\$15,660.59) has been returned to us by the county for refund to the Government. This refund should be allocated to Customer No. 1 for fiscal year 1957. As noted above the 1956 assessment was not protested and was therefore not returned to us.

The redetermination of Contract No. BC-200 was based upon the payment of 1957 property taxes of \$94.70 and 1958 property taxes of \$523.23. All of this was paid under protest and 95% has therefore been refunded to us by the county for refund to the Government. Of the amount refunded \$89.96 is allocable to fiscal year 1957 and \$497.07 is allocable to fiscal year 1958. We assume that Customer No. 1 and Customer No. 2 will share equally in this cost.

Final settlement of Contract No. NY-TB-711 included an amount of \$2,516.23 for personal property taxes of which 95% (\$2,203.30) has been refunded to us by the County for refund to the Government.

For your convenience these amounts are tabulated below by contract, customer and fiscal year.

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Contract and year	Customer No. 1	Customer No. 2	Total Tax Paid	Tax Refunded
SC-21-54				
1956	\$13,089.30		\$13,089.30	
1957	16,484.83		16,484.83	
1957(refund)	(15,660.59)			(\$15,660.59)
BC-200				
1957	47.35	\$ 47.35	94.70	
1957(refund)	(44.98)	(44.98)		15.32 (89.96) 94.53
1958	261.61	261.62	523.23	
1958(refund)	(248.53)	(248.54)		84.68 (497.07) 522.42
NY-TB-711				
1958	2,318.26		2,318.26	
1958(refund)	(2,203.30)			(2,203.30)

The total amount of taxes refundable to you under these contracts is \$18,450.92. In our letter, reference (a), we transmitted to you a check in the amount of \$20,509.28 which constituted an over refund of \$2,058.36. The refunds listed in the reference (a) letter are based on an erroneous computation and should be disregarded. The overpayment of \$2,058.36 should be refunded to us.

Sales taxes on Contract No. BC-200 of \$23,796.72 and sales taxes on our subcontract under Contract No. SC-21-54 of \$40,339.36 were paid in accordance with your instructions in order to avoid identification of the sponsor's interest in these contracts. [REDACTED] contract number has been used to identify the customer for purposes of resale certification and therefore we have not been required to pay State Sales Tax. Recoupment of these sales taxes paid to the State of California would be very difficult, we believe, due to the fact that we would have to explain why exemption was not claimed at the time the taxable materials were purchased.

We believe that the above information will clarify the situation regarding property taxes, and these repayments which have been made to you should be considered as final since we expect to receive no further refunds from either the County of Los Angeles or the State of California.

Very truly yours,

HYCON MFG. COMPANY

[REDACTED]
Secretary-Treasurer

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